

**MINUTES
OF THE WORK SESSION OF THE
EDINA CITY COUNCIL
HELD AT EDINA COMMUNITY CENTER
5701 NORMANDALE ROAD
JUNE 16, 2008
7:00 P.M.**

Mayor Hovland called the meeting to order at 7:00 p.m. in Room 350 of the Edina Community Center, 5701 Normandale Road. Answering rollcall were: Members Bennett, Housh, Masica, Swenson and Mayor Hovland. Staff present included: Gordon Hughes, City Manager; Heather Worthington, Assistant City Manager; Wayne Houle, City Engineer; John Keprios, Park Director; Jennifer Bennerotte, Director of Communication & Marketing; and Debra Mangel, City Clerk.

Mayor Hovland said the purpose of the work session was to discuss the City's potential acquisition and use of the ConAgra site as a Public Works Facility.

Manager Hughes explained Opus had entered into a purchase agreement for the ConAgra property was a potential site for the relocation of the City's Public Works facility. He stated Opus had an additional payment that was due on their agreement with ConAgra; however, it appeared the due date had been extended for the purpose of discussion whether the City of Edina would be interested in assuming the Opus purchase agreement with ConAgra. Mr. Hughes noted the original price was set at \$9.25 million, but Opus renegotiated the price to \$8.75 million. Mr. Hughes stated the City had obtained an update to last year's appraisal of the property that came in at approximately \$7.6 million. He expressed concern with the proposed schedule of calling a public hearing about the relocation for July 1st and scheduling a bond sale for August at this time. Mr. Hughes turned to Jack Rice, commercial real estate consultant for the City, for his assessment of the status of the property.

Jack Rice, 4601 Hilltop Lane, stated that the proposal with the ConAgra site had many parts, perhaps too many. He stated he was not an industrial real estate professional, rather he was a generalist. Mr. Rice said the ConAgra site was an unique property suited for a special purpose which made it difficult to evaluate. He said the high amount of unique finish on the site led to functional obsolescence. Mr. Rice suggested it would be in the best interest of the City to negotiate directly with ConAgra and not have Opus as the intermediary.

The Council and staff discussed the ConAgra site, the City's desire to relocate the Public Works facility and Opus Corporation's involvement in the process to date. Consensus was that the City should disengage Opus from the negotiations for the ConAgra site. It was suggested that the City contact Grubb & Ellis, Welsh Companies and Normark (formerly United Properties) to obtain advice about industrial property values.

Mayor Hovland moved to direct staff to inform Opus Corporation that the City will not assume their purchase agreement with ConAgra; and further staff was directed to consult with the recommended industrial real estate experts to determine the City's next course of action on the ConAgra property and that City staff be allowed to consult directly with ConAgra. Member Swenson seconded the motion.

Ayes: Bennett, Housh, Masica, Swenson, Hovland
Motion carried.

Member Housh made a motion to adjourn, seconded by Member Masica at 7:35 p.m.

Ayes: Bennett, Housh, Masica, Swenson, Hovland
Motion carried.

Respectfully submitted,

Debra Mangel, City Clerk